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ABSTRACT

This annual report outlines the mission and goals of New Zealand's Early Childhood Development Unit (ECDU), established in 1989 to promote the development and provision of high quality, accessible, and culturally appropriate educational and developmental facilities/services for families and young children. The report contains a directory of ECDU addresses; a brief description of ECDU; statements of the office's purpose, mission, and values; and reports by ECDU's chairperson, chief executive, and the audit office. A statement of service performance details the performance measures covering the ECDU's key activities. Activity areas and financial information are included. Specific information is presented in two output areas: (1) early childhood education; and (2) advice to the Minister of Education and the Ministry. (KB)



EARLY CHILDHOOD

DEVELOPMENT

1 July 2000 to 30 June 2001

Annual Report

Presented to the House of Representatives
pursuant to section 44 of the Public
Finance Act 1989

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EARLY CHILDHOOD DEVELOPMENT

Early Childhood Development (ECD) spearheads Government's investment in the development of learning opportunities for children in the first five years of life. Increasingly research affirms the value of investing in early education for improved individual, family, community, social and economic well-being.

As the early childhood sector evolves in response to the needs of a diverse population there is an increasing requirement for a spectrum of early childhood education that spans parenting, formal education, and informal and community driven initiatives. ECD plays a unique role as coordinator, catalyst for development and active developer of services across the spectrum. This role is supported by strong relationships in both the formal and community based sectors.

ECD is a Crown entity, established under the Education Act 1989. It reports directly to the Minister of Education through its Board.

ECD supports families through comprehensive parenting initiatives, such as the Parents as First Teachers Programme (PAFT) and Family Start, and through information and advice, by means of booklets, telephone or personal contact, and in workshops and seminars. Families are also supported through playgroups, where parents are enabled to play a key role in their children's early development and education.

E pupiri ana e Ngā Kaitiaki Kōhūhūhū ki ngā whāinga whakatakotohia e Te Tiriti o Waitangi hei hāpai i ngā whānau Māori, a kia tutuki ai ngā wawata o ngā hapu o Aotearoa.

Early Childhood Development is committed to working in partnership with Māori whānau, hapu and iwi to increase participation by Māori whānau in early childhood education and to enhance the education outcomes of Māori children.

Early Childhood Development is also committed to supporting Māori parents and whānau towards quality parenting practice.

ECD provides substantial support for the Pacific Islands early childhood education infrastructure that is emerging in response to the needs of this fast growing population of under-fives.

ECD makes a major contribution to the development and ongoing quality improvement of licensed and chartered early childhood centres, by providing advice and information which helps centres to achieve licensed status, and as New Zealand's major provider of professional support services for staff and management in licensed centres.

STATEMENT OF PURPOSE

The Early Childhood Development Unit was established under Part V of the Education Act 1989 as a Crown entity. Its business name is Early Childhood Development (ECD).

ECD is governed by a Board of six members, who are appointed by the Minister of Education. Included on the ECD Board is the Chief Executive.

ECD has a national office in Wellington and four regional offices in Auckland, Hamilton, Wellington, and Christchurch, supporting a total of ten local office sites.

ECD's purpose is "to promote and encourage the development and provision of high quality, accessible, and culturally appropriate educational and developmental facilities and services for the benefit of children who have not yet enrolled at a primary school" (Section 45(1), Education Act 1989). This is the mandate under which ECD operates.

ECD provides programmes that promote and develop parenting and early childhood education services. It delivers programmes and information and advice, and manages contracts of third-party service providers. ECD also provides information and advice to the Minister of Education. There are three major strands to these activities:

- supporting the **informal or community sector** – playgroups, Ngā Puna Kōhungahunga (Māori playgroups), Pacific Islands Early Childhood Groups – with professional development to improve the quality of their service and capacity to cater to groups with lower participation rates
- supporting the **formal sector** (licensed and chartered centres, te kohanga reo, kindergartens, playcentres and childcare centres) with professional development for staff and management and
- supporting **families** through dedicated parenting support programmes for parents of young children, and overcoming barriers to early childhood education services.

MISSION STATEMENT

RIGHT FROM THE START

Early childhood education has a major impact on the well-being of the individual, family, community and society. **Early Childhood Development** actively supports the development of a range of opportunities to enable all young New Zealanders to experience positive early childhood development, as the foundation for life-long learning. This means ensuring that a range of quality early childhood and parenting services is available to meet the needs of families now and in the future, regardless of their cultural, social or geographical position.

We will focus particularly on meeting the needs of groups with lower participation rates in early childhood services: through supporting existing services and service providers to enhance their quality; developing or encouraging the development of needed new services; and working directly with families to overcome any barriers preventing them from having access to services.

Early childhood education now covers a diverse spectrum of activities, including parenting, formal and informal education, and community-driven initiatives. **Early Childhood Development** acts as a coordinator and guardian, a catalyst for development and an active developer of services across the early childhood spectrum.

MISSION STATEMENT (MĀORI)

RIGHT FROM THE START

Ngā whāinga mātāmua

He wāhanga nui tonu kei ngā whakākoranga kōhungahunga e noho ora ai te tamaiti, te tangata, te whānau, te hāpori, otirā, te motu whānui. E tautoko ana Ngā Kaitiaki Kōhungahunga i te takoto mai o te maha tonu o ngā huarahi e taea ai e ngā tamariki katoa o Aotearoa te whai wāhi atu ki ngā kaupapa whakapakari kōhungahunga papai, inā hoki, koinei te tūāpapa o ngā akoranga ka whāia e te tangata ā eke noa te wā ki a ia i tēnei ao. Ko tā mātou e whai ana, kia wātea mai ētahi kaupapa whai tikanga mā ngā whare manāki kōhungahunga me te hunga āwhina mātua, kia tutuki ai ngā hiahia o ngā whānau o ēnei rā me ērā o ngā rā kei tua o te awe māpara, ahakoa ko wai te tamaiti, te tangata rānei, ahakoa nō hea ia, kei hea ia e noho ana, pēhea rānei te āhua o tana noho ki tēnei ao.

Ka ta mātou aronga nui, ko te whai kia tutuki ngā hiahia o ngā tāngata kāore e tino kaha ana tā rātou whai wāhi mai ki ngā ratonga kōhungahunga. Hei whakatutuki i tēnei: ka āwhinatia ngā ratonga e tū ana i ēnei rā kia kaha ake ai te pai o ā rātou mahi; ka whakatūria, ka āwhinatia rānei ētahi atu tāngata ki te whakatū i ngā ratonga hou e hiahia ana; ka mahi ngātahi ki ngā whānau ki te turaki i ngā aukati e whakararu ana i tā rātou whai wāhi mai ki ngā ratonga.

I ēnei rā he nui tonu ngā mea e noho mai ana ki te karangatanga o tēnei mea, te whakākoranga kōhungahunga, tae atu ki ngā kaupapa āwhina i te hunga āwhina mātua, ngā mātauranga e whāia ana i ngā kura me ērā o wāhi kē, tae atu ki ngā kaupapa e whakahaeretia ana e te hāpori tonu. Ko te wāhi ki Ngā Kaitiaki Kōhungahunga, he tuitui haere, he ārahi haere, he kōkiri rānei i ēnei memo kaupapa, he whakatū anō hoki i āna ake ratonga hei āwhina i ngā mahi whakapakari kōhungahunga.

STATEMENT OF VALUES

Early Childhood Development is committed to providing high quality services which:

- are accessible to all users, responsive to client needs and enable them to realise their full potential as individuals and as members of society;
- adapt quickly and effectively to new needs and opportunities and the development of knowledge, understanding and skills needed by New Zealanders to compete successfully in the modern, ever changing world;
- actively promote equal education opportunities and practices for all New Zealanders, by identifying and removing barriers to achievement;
- encourage users to develop their own ideas, skills and understandings and to make the best use of their resources;
- are consistent with Māori aspirations and processes and increase participation and success by Māori;
- respect the diverse ethnic and cultural heritage of New Zealand people, with acknowledgement of the unique place of Māori, New Zealand's role in the Pacific and as a member of the international community of nations;
- develop and maintain on-going consultative processes with relevant organisations, institutions, user and community groups;
- develop and maintain effective working relationships with all education Crown entities and relevant organisations.

CHAIRPERSON'S REPORT

Children aged 0 to 5 are developing complex motor, visual, hearing, communication and social skills for life. Positive parenting skills and participation in more formal learning environments establish positive educational outcomes. Accordingly, investment in early childhood development is an important foundation of learning for life, with benefits for the individual children and family, as well as society and the economy.

ECD is playing and will continue to play a lead role in providing a basis for positive lives for children. Children are the winners as ECD develops excellence in parent home support programmes, parent-led early childhood education groups, quality licensed centres, and programmes that bring in children currently not using services.

ECD is building capacity among families through its management and delivery of two of the largest parenting programmes: PAFT and Family Start. Responsiveness to the needs of New Zealand families is a critical factor in the success of these programmes. Feedback from all parent educators, whānau workers and parents has been very positive about the relevance to Māori whānau and New Zealand families generally. Whānau relate to the generic parenting and child development content through the inclusion of the Ahuru Mōwai component, which presents traditional Māori knowledge in the context of Te Whāriki, the national early childhood curriculum.

ECD has built a reputation for reaching out to families, including fathers in prisons, and child victims of domestic violence. This approach, coupled with our commitment to work in partnership with whānau, hapu and iwi, has come of age this year with Atawhaingia Te Pā Harakeke (Nurture the Family). This is a national training and professional support programme for Māori and iwi social service providers, to deliver family violence prevention and effective parenting strategies using Māori customs, practices, and values. This programme, run under contract to the Department of Child, Youth and Family Services, has already trained 29 Māori and iwi providers, and is expected to reach up to 90 Māori and iwi providers over the next two years, a major contribution to building community capability.

Quality early childhood education services make a substantial positive impact on children's lives. ECD is focusing on the improvement of diversity and quality of provision, increasing support to communities with limited or no access to early childhood education.

Parent-led early childhood education groups are valued by communities. This model suits the interests of parents who wish to be actively involved in their children's education, and plays a vital role in areas where there are few or no services, parental isolation and cost and access issues. These groups often form the basis of future licensed and chartered early childhood centres, and develop skills in communities that otherwise would have lain dormant.

Pacific Islands Early Childhood Groups (PIECGs – the Pacific strand of parent-led early childhood education groups) have developed into a programme with unique characteristics, derived from the cultures, languages and aspirations of the Pacific communities.

Ngā Puna Kōhungahunga (the Maori strand of parent-led early education groups) continue to develop in response to families seeking involvement in a tikanga-based

approach. Birth rates for Māori and Pacific peoples suggest that the demand for PIECG and Ngā Puna Kōhungahunga services will continue to grow.

The quality of parent-run playgroups received a boost this year with the formal introduction of a learning environments kit to more than 500 playgroups. The kit is a user-friendly guide to quality educational practices.

Strategic Plan for Early Childhood Education

ECD awaits with interest the presentation of the Strategic Plan for Early Childhood Education to the Minister of Education, and the consequent policy development and decision making process. The current early childhood education paradigm is defined by institutional categories such as informal/formal centres, and provider status hierarchies in a licensing and chartering regime. In order to make a genuine leap forward, ECD believes that the child must be placed at the centre of policy development and delivery models. ECD also believes that any strategic plan for early childhood education needs to centre its cultural paradigm on different parent/whānau or community needs. Recognising, mapping and providing responses and services based on a child-centred focus will provide many children with more and better early childhood education experiences.

Review of Financial and Organisational Viability

In July 2000 the Minister of Education commissioned an external review of ECD conducted by Mr Don Hunn and Professor Joy Cullen. The review report in October 2000 recommended that ECD continue to provide critical services for the sector, pending the development of a strategic plan for early childhood education. By examining and changing some parts of infrastructure, funding and systems (as outlined by the Chief Executive Caryl-Louise Robinson in her report), ECD has significantly reduced its risk level for future financial viability while strengthening the organisation's ability to deliver quality in the programmes it provides to communities and families.

Board

In September 2000, Mrs. Patricia Seymour, ECD Chairperson for nine years and Mrs. June Mariu, Board member for six years, retired from the Board on completion of their terms of office.

In October 2000, the Minister of Education appointed me as ECD Chairperson and Ms. Edie Moke-Reid as ECD Board member. Of the six non-executive Board members, five have been appointed since May 2000, and this has required an intensive focus by the Board to be fully au fait with the strategies and operations of ECD.

I have appreciated the keenness and the interest with which the Board members have approached their role. The Board has worked well with the Chief Executive to fulfill its work effectively.

I would like to thank the Chief Executive and staff for working through a difficult year with the achievement of very satisfactory results.



Michael S. Morris
Chairperson, ECD Board

CHIEF EXECUTIVE'S REPORT

Operations

In this financial year, ECD has increased its focus on meeting the needs of groups that have lower participation rates in early childhood services.

ECD supports families and children through a range of models, including direct delivery by ECD staff, management of third-party contracts, and the training of other organisations and individuals to support families.

More than 10,000 families participated in PAFT during the financial year.

This year a substantial number of expiring contracts to deliver the PAFT programme were tendered and new contracts awarded to a range of new and existing community based providers that will now receive in-depth training from ECD. The ECD-provided Ahuru Mōwai and Born to Learn training for parent educators and whānau workers continues to be well received.

Family Start is an inter-sectoral initiative across the health, social services and education sectors. In addition to providing Ahuru Mōwai and Born to Learn training to whānau workers ECD manages six of the 16 site contracts and the contract for induction/generic training for all Family Start sites.

ECD's experience of working with Māori and Pacific peoples communities is that a partnership approach that enables the development of programmes and services is more likely to attract Māori and Pacific peoples families and provide them with successful early learning experiences. ECD has a range of partnerships in place – for parenting programmes and early childhood education service delivery – that are responsive to and reflective of the communities in which it is operating.

Organisational Capacity

As a result of viability issues raised by ECD, the Minister of Education commissioned an external review of ECD. The review gave emphasis to:

- the evolution of ECD's role over the past decade
- ECD's professional contribution to the sector
- the relationship between the Ministry of Education and ECD
- an assessment of risks to the Government's responsibilities in the sector pending the development of, and decisions taken in regard to, the Strategic Plan for Early Childhood Education
- the strengths and weaknesses of the Crown entity form as applied to the early childhood sector.

The review noted that, professionally, ECD provides critical services for the sector, and should continue to provide services while the Government's future directions for the early childhood sector are determined. ECD has acted to streamline internal accountabilities and programme management to ensure the successful delivery of contracted services. A regional structure has been implemented, with the creation of four new regional manager positions. This has enabled ECD to:

- locate some planning and decision making closer to the action
- manage staff resources more effectively
- build capacity to monitor trends and issues in early childhood education and parenting, and report to policymakers.

This will be complemented by additional analytical capability at the national level.

The development of an intranet has underpinned moves to a culture of information sharing and learning, and facilitated the capture of vital "informal" know-how.

At the end of this financial year ECD employed 95 staff in 83 full time equivalent positions. It maintained its high proportion of non-Pakeha staff, the workforce by ethnicity being 37% Māori and 16% Pacific Islands, and 36% Pakeha and 11% others. This last financial year 5 staff were supported for on-going study to gain recognised qualifications.

Financials

ECD met its organisational viability targets throughout the year by maintaining positive working capital, by maintaining taxpayers' equity at greater than 50% of total assets, and by meeting the target of operating without a deficit.

As a further consequence of the review, a number of changes were made in the funding and financial management areas. A subsequent re-phase of funding and expenditure was approved by the Minister of Education and undertaken in the second half of the financial year. The main changes included:

- alignment of ECD outputs with Crown outputs
- change in the recognition of funds managed by ECD for the purchase of outputs from third parties on behalf of the Crown
- agreement with the Ministry of Education on the treatment of surpluses
- realignment of input and output expenditure
- application of a revised cost allocation system for output and sub-output costing
- improvement in the taxpayer equity and working capital ratios, and
- strengthening of future viability.

I am pleased to report the changes were successfully implemented, with ECD's initial organisational viability targets significantly exceeded, the most significant being the net operational outcome of \$259,000 surplus compared with the initial forecast \$669,000 deficit. The Statement Specifying Financial Performance on page 34 of this report provides further details.

Partnership

I wish to acknowledge those Government agencies which ECD works with in close partnership – the Ministry of Education, Department of Child, Youth and Family Services, Te Puni Kokiri, Ministry of Pacific Island Affairs and Department for Courts. ECD believes we can achieve the best for young children when we are able to act in partnership with our Government colleagues to serve our communities.

I acknowledge the retirement this financial year of Mrs. Patricia Seymour, Chairperson, and Mrs. June Mariu, member, of the Board and the roles they have played in ECD and their advocacy for early childhood education. I welcome the new Chairperson, Michael Morris, and other new members of the Board and look forward to their ongoing strategic governance of ECD in the best interests of young children.

ECD continues to develop innovative ways of providing early childhood and parenting services that achieve Government aims and that parents need and want. ECD makes sure our staff have systems to do the job and support to deliver quality services now and into the future. We believe in working together with communities to make sure all children we work with have the best educational opportunities right from the start.



Caryl-Louise Robinson
Chief Executive



Audit New Zealand

**REPORT OF THE AUDIT OFFICE
TO THE READERS OF THE FINANCIAL STATEMENTS OF
EARLY CHILDHOOD DEVELOPMENT
FOR THE YEAR ENDED 30 JUNE 2001**

We have audited the financial statements on pages 13 to 45. The financial statements provide information about the past financial and service performance of Early Childhood Development and its financial position as at 30 June 2001. This information is stated in accordance with the accounting policies set out on pages 30 to 33.

Responsibilities of the Board

The Public Finance Act 1989 and Education Act 1989 require the Board to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of Early Childhood Development as at 30 June 2001, the results of its operations and cash flows and the service performance achievements for the year ended 30 June 2001.

Auditor's responsibilities

Section 43(1) of the Public Finance Act 1989 requires the Audit Office to audit the financial statements presented by the Board. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed Stephen Lucy, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- ▲ the significant estimates and judgements made by the Board in the preparation of the financial statements *and*
- ▲ whether the accounting policies are appropriate to Early Childhood Development's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Early Childhood Development.

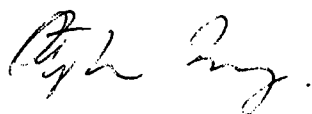
Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of Early Childhood Development on pages 13 to 45:

- ▲ comply with generally accepted accounting practice *and*
- ▲ fairly reflect:
 - the financial position as at 30 June 2001
 - the results of its operations and cash flows for the year ended on that date *and*
 - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 26 October 2001 and our unqualified opinion is expressed as at that date.



S B Lucy
Audit New Zealand
On behalf of the Controller and Auditor-General
Wellington, New Zealand



STATEMENT OF RESPONSIBILITY

In the financial year ended 30 June 2001, the Board and management of Early Childhood Development were responsible for:

- the preparation of the financial statements and the judgments used therein;
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management of Early Childhood Development, the financial statements for the year fairly reflect the financial position and operations of Early Childhood Development.



Caryl-Louise Robinson
Chief Executive



Michael S. Morris
Chairperson

STATEMENT OF SERVICE PERFORMANCE

This Statement of Service Performance contains all performance measures in the Statement of Intent tabled by the Minister, and key performance measures, which cover ECD's key activities.

OUTPUT 1, PARTICIPATION IN EARLY CHILDHOOD EDUCATION

ECD provides professional advice, services and programmes to improve the quality and capacity of early childhood education and parenting initiatives. This includes responding to the needs of all families, including those families at risk of poor outcomes for their children. A priority for ECD is to ensure that Māori and Pacific peoples families are able to access parent programmes and early childhood education and that service provision understands and responds appropriately and effectively to the needs of these families.

Awhina Mātua

(Ministry of Education output class: Supporting parenting)

Objective

Families whose children are not participating in early childhood education are identified, encouraged and enabled to participate in quality parenting programmes and early childhood education services in a way that is considerate of backgrounds, cultures and preferences of families.

Outcome

More children participate in early childhood education regularly.

Family Start

(Ministry of Education output classes: Supporting parenting, and Management of grants and contracts)

Objective

ECD contributes to the Family Start initiative through the negotiation and management of site contracts and provision of training for Family Start workers. ECD supports the delivery of the *Born to Learn* curriculum to all Family Start families through training and on-going support for Family Start workers.

Outcome

Children and families in the 15% highest need group of families have improved health, welfare and education outcomes. ECD contributes to this outcome through enabling and supporting all Family Start sites to deliver the child development curriculum.

Parents As First Teachers

(Ministry of Education output classes: Supporting parenting, and Management of grants and contracts)

Objective

PAFT provider contracts are negotiated and monitored in accordance with ECD requirements. ECD delivers the PAFT parent educator training programme and provides on-going support to parent educators. A customised New Zealand child development curriculum, *Born to Learn*, has been developed with a Māori dimension to assist New Zealand families to see the relevance for them. Implementation of the *Born to Learn* curriculum will continue in 2000/01.

Outcome

Children who have participated in a PAFT programme have improved care, development, learning and education outcomes.

He Tāonga Te Mokopuna

(Funded under a contract with the Department of Courts)

Objective

ECD provides a support programme to children named on a Family Court protection order.

Outcome

Children develop self-esteem and learn coping strategies and ways to keep themselves safe.

LICENCE EXEMPT GROUPS

(Ministry of Education output classes: Supporting parenting, and Management of grants and contracts)

Playgroups**Objective**

Parents are assisted to form a group to provide quality, affordable early childhood education in a community-based location. ECD does this by providing advice and services about meeting administration and quality requirements as well as the provision of developmentally appropriate and stimulating learning and play. In addition Developing Centre Funding grants eligibility is assessed and disbursed as appropriate for new and existing groups by ECD.

Outcome

More children have access to play and learning opportunities that meet ECD quality criteria and are facilitated by their parents to do this in a community based group environment.

Pacific Islands Early Childhood Groups (PIECGS)**Objective**

Parents from Pacific peoples communities are assisted to form a group to manage the cooperative and flexible provision of quality, affordable early childhood education in a community based location. ECD provides advice about meeting administration and quality requirements as well as the provision of developmentally appropriate and stimulating learning and play. Advice and service delivery is supportive of backgrounds, cultures, languages and preferences of families. Developing Centre Funding grants eligibility is assessed and disbursed as appropriate for new and existing groups by ECD.

Outcome

More children of Pacific peoples have access to play and learning opportunities that meet ECD quality criteria and are facilitated to do this by their parents in a community based group environment.

Ngā Puna Kōhungahunga

Objective

Māori parents are assisted to form a group to manage the cooperative and flexible provision of quality, affordable early childhood education in a community based location. ECD provides advice about meeting administration and quality requirements as well as the provision of developmentally appropriate and stimulating learning and play. Advice and service delivery is supportive of backgrounds, cultures, languages and preferences of families. Developing Centre Funding grants eligibility is assessed and disbursed as appropriate for new and existing groups by ECD.

Outcome

More Māori children have access to play and learning opportunities that meet ECD quality criteria and are facilitated to do this by their parents in a community based group environment.

Playcentres Licence Exempt

Objective

ECD assesses and disburses grants eligibility as appropriate for new and existing playcentres.

Outcome

Children continue to have access to quality play and learning opportunities when playcentres are unable to meet licensing requirements.

Atawhaingia Te Pā Harakeke

(Funded under a contract with the Department of Child, Youth and Family Services)

Objective

To train and support Māori and iwi groups to deliver effective training in the areas of parenting and family violence prevention and support. (NB. The first group completed training in July 2001.)

Outcome

Māori children and families have improved social and educational outcomes and Māori and iwi group capacity for delivery is strengthened.

SERVICES FOR LICENSED CENTRES

(Ministry of Education output class: Information and advisory services)

Licensing and Chartering Advice and Support

Objective

ECD supports early childhood groups to apply to become licensed and chartered and those groups in the post-probationary phase to obtain full licensing. Groups are also assisted to apply for Discretionary Grants Funding. A "Failing Centres Intervention Strategy" is available for centres at risk of failure.

Outcome

More children are able to participate in quality early childhood education because more early childhood groups are licensed and chartered.

Māori Licensing and Chartering Advice and Support

Objective

ECD supports Māori early childhood groups to apply to become licensed and chartered and those groups in the post-probationary phase to obtain full licensing. ECD provides culturally appropriate advice and service. Groups are also assisted to apply for Discretionary Grants Funding.

Outcome

More Māori children are able to participate in quality early childhood education because more early childhood groups with a Māori focus are licensed and chartered.

Pacific Peoples Licensing and Chartering Advice and Support**Objective**

ECD supports Pacific peoples early childhood groups to apply to become licensed and chartered and those groups in the post-probationary phase to obtain full licensing. ECD provides culturally appropriate advice and service. Groups are also assisted to apply for Discretionary Grants Funding.

Outcome

More children of Pacific peoples are able to participate in quality early childhood education because more early childhood groups with a Pacific focus are licensed and chartered.

Professional Development

(Funded under contract to the Ministry of Education)

Objective

Professional support services are provided for staff and management in licensed and chartered centres, associations and homebased schemes to effectively implement Te Whāriki, the revised Desirable Objectives and Practices, the Quality Journey and Special Education 2000.

Outcome

Staff and management of licensed and chartered centres, associations and homebased schemes have increased knowledge, understanding and skills to foster all children's learning and provide a responsive environment for the children of Māori and Pacific peoples families.

Consultancy Services

(User pays services provided at ECD's discretion)

Objective

Provide information and advice about early childhood education and parenting to groups and individuals.

Outcome

Increased knowledge, understanding and skills to foster children's learning.

ECD OUTPUT SUMMARY TABLE

FUNDING SOURCE		PARTICIPATION IN EARLY-CHILDHOOD EDUCATION			OUTPUT ONE		OUTPUT TWO
MOE Output Classes		Awhina Mātua	Parenting Programmes	Licence Exempt Groups	Services for Licensed Centres	Advice to the Minister and the Ministry	
Information and Advisory Services \$1,112,000					Licensing and Chartering Advice and Support <ul style="list-style-type: none">• General• Māori• Pacific Peoples \$889,000	Provide information and advice to the Minister and the Ministry	
Supporting Parenting \$18,060,000		Awhina Mātua Whānau Development Fanau Pasifika \$401,000	Family Start PAFT \$15,426,000	Playgroups PIECGs Ngā Puna Kōhungahunga Playcentres Licence Exempt \$2,233,000		Provide information and advice to the Minister and the Ministry	
Contracts Management \$592,000			Family Start PAFT \$408,000	Playgroups PIECGs Ngā Puna Kōhungahunga Playcentres Licence Exempt \$184,000			
Grant Disbursement MOE Contestable \$857,000				Developing Centres Fund	Professional Development <ul style="list-style-type: none">• General• Māori• Pacific Peoples \$857,000		
Department for Courts \$197,000			He Tāonga Te MokoPuna \$197,000				
Other Non-DOA Outputs \$447,000			Family Start Business Development \$447,000				

Figures as per the 2000/01 Statement of Intent.
All figures quoted in this table are GST inclusive.

REPHASED ECD OUTPUT SUMMARY TABLE

FUNDING SOURCE	OUTPUT ONE			OUTPUT TWO	
	PARTICIPATION IN EARLY CHILDHOOD EDUCATION	Licence Exempt Groups	Services for Licensed Centres	Advice to the Minister and the Ministry	Provide information and advice to the Minister and the Ministry
MOE Output Classes	Awhina Mātua	Parenting Programmes	Licensing and Chartering	• General	• Pacific Peoples
Information and Advisory Services \$1,375,000					
Supporting Parenting \$17,717,000	Awhina Mātua Whānau Development Fānau Pasifika \$482,000	Family Start PAFT \$14,709,000	Playgroups PIECGs Nga Puna Kōhungahunga Playcentres Licence Exempt \$2,526,000	\$781,000	\$594,000
Contracts Management \$672,000		Family Start PAFT	Playgroups PIECGs Nga Puna Kōhungahunga Playcentres Licence Exempt \$115,000		Provide information and advice to the Minister and the Ministry
Grant Disbursement MOE Contestable \$874,000		\$557,000	Developing Centres Fund	Professional Development • General • Māori • Pacific Peoples \$874,000	
Department for Courts \$412,000		He Taonga Te Mokopuna \$412,000			
Department of Child, Youth and Family Services \$873,000		Te Komako \$873,000			

Continued

Rephased ECD Output Summary Table, continued...

FUNDING SOURCE	OUTPUT ONE				OUTPUT TWO
	PARTICIPATION IN EARLY CHILDHOOD EDUCATION				
MOE Output Classes	Awhina Mātua	Parenting Programmes	Licence Exempt Groups	Services for Licensed Centres	Advice to the Minister and the Ministry
Other Non-DOA Outputs \$578,000		Family Start Business Development \$578,000			

In addition, ECD may draw down up to \$2,777,000 (GST inclusive) for distribution of grants under the Developing Centres Fund. Funds received under this item are not recognised in the Statement of Financial Performance. Any balance at year-end is recognised in the Statement of Financial Position.

All figures quoted are actual revenue received (GST inclusive).

OUTPUT 1: PARTICIPATION IN EARLY CHILDHOOD EDUCATION

AWHINA MĀTUA¹

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
Families whose children are not participating in early childhood education are identified and encouraged and enabled to participate in quality parenting programmes and early childhood education services in a way that is considerate of back-grounds, cultures and preferences of families.	<p>1060 families are identified and linked to parenting programmes and early childhood education services. At least</p> <ul style="list-style-type: none"> 40% (424) are Māori and 40% (424) are Pacific Islands and up to 20% (212) are other families not accessing early childhood education <p>At least 80% of families are new in 2000/01 of whom</p> <ul style="list-style-type: none"> at least 40% are Māori at least 40% are Pacific Islands and up to 20% other <p>Up to 70% of families at exit are linked to at least one of the following</p> <ul style="list-style-type: none"> a) parenting programme b) new licence exempt group c) existing licence exempt group d) licensed early childhood education service <p>At least 30% of families exit within 3 months</p> <p>At least 60% of families exit within 6 months.</p> <p>All families have an opportunity to complete a satisfaction survey and at least 95% of families responding to the survey are satisfied with ECD service</p>	<p>The actual performance achieved in Awhina Mātua is not able to be reliably measured. Management have recognised this and after reviewing the 2000/2001 reporting procedures have implemented a new computerised recording system and an enhanced monitoring system of target achievement for 2001/2002. The families that participated were almost entirely Māori or Pacific peoples.</p> <p>The majority of families were new.</p> <p>Many families exited the programme, most of them being linked to a programme or service:</p> <ul style="list-style-type: none"> a) parenting programmes b) new licence exempt groups c) existing licence exempt groups d) licensed early childhood education services e) primary schools. <p>Most participating families exited within 6 months.</p> <p>All families had an opportunity to complete a survey. 121 of 128 families responded for a 95% response rate. 100% of these respondents were satisfied with ECD service.</p>

¹ This client group requires intensive support.

OUTPUT 1, PARTICIPATION IN EARLY CHILDHOOD EDUCATION

FAMILY START

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
ECD contributes to the Family Start initiative through the negotiation and management of site contracts and provision of training for Family Start workers. ECD supports the delivery of the <i>Born to Learn</i> curriculum to all Family Start families through training and on-going support for Family Start workers.	<p>All ECD site management is negotiated and monitored in accordance with requirements in the agreed protocol (Protocol among Co-Funders of Family Start Services and Expansion of Early Start 1998-2004).</p> <p>Initial training for Family Start workers meets contract specification</p> <p>All Family Start workers receive training to deliver the <i>Born to Learn</i> curriculum in accordance with contract specification</p> <p>Delivery of the curriculum is supported and monitored in accordance with the protocol</p>	<p>6 (100%) site contracts monitored in accordance with Family Start protocol. These were ongoing contracts needing no negotiation.</p> <p>Initial training delivered to specification.</p> <p>85 (100%) workers trained to deliver the <i>Born to Learn</i> curriculum.</p> <p>Curriculum monitoring and support delivered in accordance with Family Start protocol.</p>

PARENTS AS FIRST TEACHERS (PAFT)

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
PAFT provider contracts are negotiated and monitored in accordance with ECD requirements. ECD delivers the PAFT parent educator training programme and provides on-going support to parent educators. A customised New Zealand child development curriculum <i>Born to Learn</i> has been developed with a Māori dimension to assist New Zealand families see the relevance for them. Implementation of the <i>Born to Learn</i> curriculum will continue in 2000/01.	<p>All contracts are negotiated and monitored in accordance with ECD's contract management obligations.</p> <p>Professional development is provided for all parent educators and programme coordinators on an annual basis in accordance with contract specifications</p> <p>Resources are provided to support the programme in accordance with the needs of New Zealand families and contract specifications.</p> <p>Data are gathered and reported on the health and development of each child.</p>	<p>37 (100%) contracts were negotiated and monitored in accordance with ECD's contract management obligations.</p> <p>203 (98%)² parent educators were provided with professional development.</p> <p>Resources provided as part of the Ahuru Mōwai and <i>Born to Learn</i> curriculum. <i>Born to Learn</i> videos have been distributed to all sites.</p> <p>Data gathered on all (over 10,000) children and reported to the Minister in December 2000 and June 2001 PAFT progress reports.</p>

² One site did not attend.

OUTPUT 1, PARTICIPATION IN EARLY CHILDHOOD EDUCATION

HE TAONGA TE MOKOPUNA PROGRAMME

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
Support programme provided to children named on a Family Court protection order.	The programme meets the specification set out in the contract with the Department for Courts. ECD responds to Family Court referrals for children in need of support in regard to family violence, by offering and carrying out a complete support programme.	<p>Total: 343 children completed</p> <p>General 80 children completed</p> <p>Māori 228 children completed</p> <p>Pacific 35 children completed</p> <p>Targets are referral dependent.</p>

LICENCE EXEMPT GROUPS

PLAYGROUPS

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
Parents are assisted to form a group to provide quality, affordable early childhood education in a community based location. ECD does this by providing advice and services about meeting administration and quality requirements as well as the provision of developmentally appropriate and stimulating learning and play. In addition Developing Centre Funding grants eligibility is assessed and disbursed as appropriate for new and existing groups by ECD.	<p>600 playgroups worked with annually</p> <p>At least 8% are new groups in 2000/01</p> <p>11,000 to 12,000 children participate annually</p> <p>At least 10% of participating children are new enrolments in 2000/01</p> <p>At least 80% of playgroups are using the ECD administration kit</p> <p>At least 30% of funded groups are using quality practices kit being introduced in 2000/01</p> <p>At least 525 playgroups are eligible for Developing Centres Funding grant</p> <p>All playgroups have an opportunity to complete a satisfaction survey and at least 95% of groups responding to survey are satisfied with ECD service</p>	<p>691 playgroups worked with (115%).</p> <p>8.4% or 58 of groups worked with were new</p> <p>16,427 children participating³</p> <p>875 new children in 58 groups⁴.</p> <p>84% or 583 of groups worked with used the ECD administration kit.</p> <p>36% or 248 groups used the quality practices kit, titled "Learning Environments for Playgroups - A Guide to Quality Practices in Playgroups", published in February 2001.</p> <p>622 groups were eligible for Developing Centres Funding.</p> <p>All playgroups had an opportunity to respond to a survey. 92% of groups responding to survey were satisfied with ECD service.</p>

³ As at July 2000 annual statistics collection.

⁴ New playgroups had fewer families than anticipated. Playgroups often start small and build up numbers over time.

OUTPUT 1, PARTICIPATION IN EARLY CHILDHOOD EDUCATION

PACIFIC ISLANDS EARLY CHILDHOOD GROUPS (PIECGs)

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
Parents from Pacific peoples communities are assisted to form a group to manage the cooperative and flexible provision of quality, affordable early childhood education in a community based location. ECD provides advice about meeting administration and quality requirements as well as the provision of developmentally appropriate and stimulating learning and play. Advice and service delivery is supportive of backgrounds, cultures, languages and preferences of families. Developing Centre Funding grants eligibility is assessed and disbursed as appropriate for new and existing groups by ECD.	<p>175 existing groups worked with annually</p> <p>At least 10% of groups worked with in 2000/01 are new</p> <p>At least 3,000 existing children are participating.</p> <p>At least 12% of children are new enrolments</p> <p>At least 60% of PIECGs use the ECD administration kit</p> <p>100% of eligible groups receive Developing Centre Funding grants</p> <p>All PIECGs have an opportunity to complete a satisfaction survey and at least 95% of groups responding to the survey indicate satisfaction with ECD service</p>	<p>Total groups worked with 179 Existing groups worked with 128</p> <p>40% (51) new groups were worked with in 2000/01.</p> <p>2,485 children were participating⁵</p> <p>35% or 877 new children participated in 00/01</p> <p>78% or 100 groups worked with used the ECD administration kit.</p> <p>100% of eligible groups received Developing Centre Funding.</p> <p>All PIECGs had an opportunity to complete a survey. 95% of groups responding to the survey were satisfied with ECD service.</p>

NGĀ PUNA KŌHUNGAHUNGA

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
Māori parents are assisted to form a group to manage the cooperative and flexible provision of quality, affordable early childhood education in a community based location. Advice and service delivery is supportive of backgrounds, cultures, languages and preferences of families. Developing Centre Funding grants eligibility is assessed and disbursed as appropriate for new and existing groups by ECD.	<p>40 existing Puna worked with annually</p> <p>7-10 new Puna worked with in 2000/01</p> <p>450-480 existing children are participating</p> <p>At least 20% of children are new enrolments</p> <p>At least 40% use the ECD administration kit</p> <p>100% of eligible groups receive Developing Centre Funding grants</p> <p>All Puna have an opportunity to complete a satisfaction survey and at least 95% of groups responding to survey are satisfied with ECD service</p>	<p>Total Puna worked with 54 Existing groups worked with 34.</p> <p>20 new Puna.</p> <p>287 children participating in total⁶</p> <p>229 children in 20 groups.⁷</p> <p>63% (34 of the 54) groups worked with used the ECD administration kit.</p> <p>100% of eligible groups received Developing Centre Funding.</p> <p>All had an opportunity to complete a survey. 88% of groups responding to survey are satisfied with ECD service.⁸</p>

⁵ As at July 2000 annual statistics collection.

⁶ As at July 2000 annual statistics collection.

⁷ Group size is smaller than anticipated.

⁸ ECD follows up with groups that express dissatisfaction with service.

OUTPUT 1, PARTICIPATION IN EARLY CHILDHOOD EDUCATION

PLAYCENTRES LICENCE EXEMPT

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
ECD assesses and disburses grants eligibility as appropriate for new and existing playcentres.	100% of eligible playcentres licence exempt receive Developing Centre Funding grants	100% of eligible playcentres licence exempt received Developing Centre Funding (35 groups).

ATAWHAINGIA TE PĀ HARAKEKE

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
The delivery of the programme is an intensive training and support programme for up to 90 Māori and iwi groups nationally.	Train 20-30 Māori and iwi provider groups in two training intakes.	24 groups trained. Taitokerau – 12 provider groups and 35 individual staff participated over 4 training intakes.
2 strands: (1) Hākuitanga, Hākorotanga, a “fathering focused” parenting skills programme for Māori whānau and (2) He Taonga Te Mokopuna, support for Māori children who have been affected by domestic violence and neglect.	Provide at least 2 professional support and mentoring site visits to provider groups	Te Wai Pounamu (South Island) 12 provider groups and 29 individual participants over 4 training intakes. At least 2 visits provided to each group.

**OUTPUT 1, PARTICIPATION IN EARLY CHILDHOOD EDUCATION
LICENSING AND CHARTERING, ADVICE AND SUPPORT**

GENERAL GROUPS

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
ECD supports early childhood groups to apply to become licensed and chartered and those groups in the post-probationary phase to obtain full licensing. Groups are also assisted to apply for Discretionary Grants Funding. A "Failing Centres Intervention Strategy" is available for centres at risk of failure.	120-140 groups worked with annually	195 groups have been worked with during the year.
	60-70 new groups worked with annually	126 new groups worked with.
	At least 50 groups reach probationary licence	64 groups have reached probationary licence.
	1400-1500 places for children created	2127 new children's places created from 72 newly licensed centres.
	At least 5 community groups obtain full licensing and chartering	5 community groups obtained full licensing and chartering and 4 other groups obtained full licensing and chartering.
	At least 25 groups supported to Discretionary Grants Funding	51 groups are being supported to Discretionary Grants Funding.
	95% of groups supported to Discretionary Grants Funding are fully eligible	100% of groups supported to Discretionary Grants Funding are fully eligible.
	Up to 5 groups receive 30-50 hours Failing Centres Intervention Strategy (this will include Māori and PIECGs as needed)	Refer to Actual Performance under the Professional Development Support programme (page 27).
	All centres have an opportunity to complete a satisfaction survey and at least 95% of centres responding to survey are satisfied with ECD service	89% of centres surveyed were satisfied with ECD service ⁹ .

MĀORI GROUPS

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
ECD supports Māori early childhood groups to apply to become licensed and chartered and those groups in the post-probationary phase to obtain full licensing. ECD provides culturally appropriate advice and service.	At least 20 groups worked with in 2000/01	30 groups worked with in 2000/01.
	5-8 groups achieve probationary licence	4 groups obtained probationary licence
	3-4 groups to achieve full licence and chartering	2 groups achieved full licence and chartering
	130-145 licensed places for children created	223 licensed places created.

⁹ ECD follows up with centres that express dissatisfaction with ECD service

OUTPUT 1, PARTICIPATION IN EARLY CHILDHOOD EDUCATION
LICENSING AND CHARTERING, ADVICE AND SUPPORT

MĀORI GROUPS, continued

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
Groups are also assisted to apply for Discretionary Grants Funding.	8-12 groups supported to Discretionary Grants Funding.	18 groups were supported to discretionary grants funding.
	95% of groups supported to Discretionary Grants Funding are fully eligible	100% of the groups supported are fully eligible.
	All centres have an opportunity to complete a satisfaction survey and at least 95% of centres responding are satisfied with ECD service	100% of centres responded were satisfied with ECD service.

PACIFIC ISLANDS EARLY CHILDHOOD CENTRES (PIECCs)

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
ECD supports Pacific peoples early childhood groups to apply to become licensed and chartered and those groups in the post-probationary phase to obtain full licensing. ECD provides culturally appropriate advice and service. Groups are also assisted to apply for Discretionary Grants Funding.	20 groups worked with in 2000/01	32 groups worked with.
	At least 6 groups achieve probationary licence	6 groups have achieved probationary status.
	At least 6 groups to achieve full licence and chartering	5 groups have obtained their full licence.
	150-170 licensed places created for children	182 licensed places created.
	6-9 groups supported to Discretionary Grants Funding.	32 groups were supported to discretionary grants funding.
	95% of groups supported to Discretionary Grants Funding are fully eligible	100% of groups supported were fully eligible
	All centres have an opportunity to complete a satisfaction survey and at least 95% of centres responding to the survey indicate satisfaction with ECD service	100% of centres responding were satisfied with ECD's service.

OUTPUT 1, PARTICIPATION IN EARLY CHILDHOOD EDUCATION
LICENSING AND CHARTERING, ADVICE AND SUPPORT

EARLY CHILDHOOD PROFESSIONAL DEVELOPMENT SUPPORT PROGRAMME THROUGH TO
30 JUNE 2001¹⁰

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
Professional support services are provided for staff and management in licensed and chartered centres, associations and homebased schemes to effectively implement Te Whāriki, the revised DOPs, the Quality Journey and Special Education 2000.	The programme meets the specifications and milestones set out in the contract with the Ministry of Education He Kete Oriori to 10 centres annually He Kete Pasifika to 55 centres annually He Kete Atea to 130 - 135 centres He Kete Atea Kaupapa Māori to 80 mainstream centres Raranga Pasifika to 10 centres annually Provide milestone reports and surveys to the Ministry of Education to agreed performance measures within contract.	Contract targets have been met for all ECD professional support programmes. He Kete Oriori 12 He Kete Pasifika 52 He Kete Atea 83 He Kete Kaupapa Māori 54 Raranga Pasifika 10 for year 2000 ¹¹ 3 Failing centres worked with. Milestone reports and surveys were provided to the Ministry of Education to agreed performance measures within the contract.

CONSULTANCY SERVICES

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
Provide information and advice about early childhood education and parenting to individuals and groups.	Secure consultancy services contracts. Meet specified obligations within negotiated contracts.	ECD has secured a total of 11 consultancy services contracts as at 30 June 2001. Specified obligations within negotiated contracts met.

¹⁰ Two year contract, which expired 15 January 2000.

¹¹ A variation to the contract was signed January 2001 to discontinue Raranga Pasifika from February 2001.

OUTPUT 2: PROVISION OF INFORMATION AND ADVICE

ECD provides timely and accurate information and advice to the Minister of Education and the Ministry of Education. This includes providing information for Parliamentary Questions, Ministerial correspondence and Cabinet Papers, and information for interagency policy projects.

ECD also works with the following government agencies: Te Puni Kokiri, the Ministry of Pacific Island Affairs, the Ministry of Women's Affairs, the Ministry of Social Policy, the Ministry of Health, the Department of Child, Youth and Family Services, the Department for Courts, the Department of Corrections, Statistics New Zealand, Specialist Education Services, the New Zealand Qualifications Authority, the Teacher Registration Board, and the Education Review Office.

(Ministry of Education output class: Information and advisory services)

OUTPUT 2, PROVISION OF INFORMATION AND ADVICE

OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
ECD provides information and advice within agreed timeframes on request to the Minister of Education, the Ministry of Education and other government agencies. This includes addressing issues raised by stakeholders and advance communication on sensitive issues.	Comment and advice provided in response to queries on early childhood education and parenting: 10-20 queries	Target achieved. A key focus for ECD this year has been its contribution to the Minister of Education's Strategic Plan Early Childhood Education Working Party.
	Comment and advice provided for 2-10 Cabinet papers or submissions to the Minister:	4 responses
	5-20 Parliamentary Questions drafted:	22 responses
	5-20 Official information request responses drafted:	4 responses
	5-20 Ministerial letters drafted:	1 response
	The Minister of Education and the Ministry of Education respond to a biannual survey on the provision of information and advice and indicate satisfaction with ECD's performance.	Response to survey one rated 3 out of 5. By mutual agreement this was then dealt with in meetings with the Minister and Ministry respectively.

STATEMENT OF COST OF SERVICES

OUTPUT	Actual 2001 \$000	Original Budget 2001 \$000	Revised Budget 2001 \$000	Actual 2000 \$000
1. Participation in early childhood education				
Revenue	18,182	17,388	18,383	15,446
Expenditure	17,863	17,869	18,201	12,888
Net surplus/(deficit)	319	(481)	182	2,558
2. Provision of information and advice				
Revenue	1,222	988	1,222	2,037
Expenditure	1,327	1,176	1,222	3,080
Net surplus/(deficit)	(105)	(188)	-	(1,043)
3. Management of contracts				
Revenue	597	526	597	464
Expenditure	552	526	597	622
Net surplus/(deficit)	45	-	-	(158)
Total ECD				
Revenue	20,001	18,902	20,202	17,947
Expenditure	19,742	19,571	20,020	16,590
Net surplus/(deficit)	259	(669)	182	1,357

The funding under this output was aligned to the Crown Supporting Parenting output in the re-phase of funding exercise undertaken during the year.

STATEMENT OF ACCOUNTING POLICIES

for the year ended 30 June 2001

REPORTING ENTITY

These are the financial statements of Early Childhood Development (ECD), a Crown entity in terms of the Public Finance Act 1989.

These financial statements have been prepared in accordance with section 41 of the Public Finance Act 1989.

In addition, ECD has reported on the funding administered on behalf of the Crown as a note to the financial statements.

MEASUREMENT SYSTEM

The financial statements have been prepared on a historical cost basis.

ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of financial performance and financial position have been applied:

FIXED ASSETS

All fixed assets are recorded at historical cost. The minimum capitalisation value of individual assets is \$500.

DEPRECIATION

Fixed assets are depreciated at rates that will write off the cost of the assets to their estimated residual value over their useful life.

Depreciation has been provided for, using the "diminishing value" method at the following rates:

Motor vehicles	20% per annum
Office furniture	20% per annum
Leasehold improvements	20% per annum
Office equipment	20% per annum

Depreciation has been provided for, using the "straight line" method at the following rate:

Computer equipment	30% per annum
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Assets purchased during the year have been depreciated from the month in which they were purchased.

GOODS AND SERVICES TAX

The financial statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable, which are stated with GST included. Where

GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense. The ECD Output Summary tables on pages 18 and 19 are GST inclusive.

TAXATION

ECD is a public authority in terms of the Income Tax Act 1994 and consequently is exempt from income tax.

CONSUMABLE SUPPLIES AND PUBLICATIONS

All consumable supplies and resources are expensed as purchased. The costs of publications and resources developed by ECD are expensed in the period in which the costs are incurred.

REVENUE

ECD derives revenue through the provision of outputs to the Crown, for services to third parties and income from its investments. Such revenue is recognised when earned and is reported in the financial period to which it relates.

RECEIVABLES

Accounts receivables are stated at their estimated realisable value.

GRANT FUNDS

Grants are paid by ECD as transfer payments as an agent of the Crown. Transfer payments are not recorded in the Statement of Financial Performance. However the balance of funds received is reflected in the Statement of Financial Position.

PROVISION FOR EMPLOYEES' ENTITLEMENTS

Provision is made in respect of ECD's liability for annual leave. Annual leave has been calculated at an actual entitlement basis at current rates of pay.

COST ALLOCATION

At the beginning of the year, the basis for cost allocation was the same as that used in previous years, ie direct costs were allocated to programmes directly, unallocated costs were allocated to programmes on the basis of the proportion of direct staff time captured within the programmes. In the second half-year period, the basis for cost allocation was changed in conjunction with the re-phase of funding and budgets. The "Revised Budget" column shown in the statements reflects the change in the cost allocation method. In the revised budgets, ECD has derived the costs of outputs using a cost allocation system, as outlined below:

Criteria for direct and indirect costs

"Direct costs" are those costs directly attributable to an output.

"Indirect costs" are those costs that cannot be identified in an economically feasible manner, with a specific output. These costs are further categorised as *Indirect costs* and *Corporate overhead costs*.

Direct costs assigned to outputs

Direct costs are charged directly to outputs. Labour costs are charged to outputs on an actual time basis derived from an FTE (Full Time Equivalent) allocation system and supported by the time recording system. Time spent directly in a sub-output is coded to that sub-output. Time indirectly related to or linked to a particular sub-output is also coded to that sub-output except the National Office Corporate Services staff time whose costs remain as overhead costs. Materials costs are coded direct to outputs via expenditure vouchers.

Basis for assigning indirect costs to outputs

Indirect costs are assigned to sub-outputs on the basis of work programmes undertaken in individual offices and as allocated in the FTE allocation system, space occupied where this is easily identifiable, and other cost drivers linking them to sub-outputs. Items that continue to be unallocated costs remain as corporate overheads.

Basis for assigning corporate overhead costs to outputs

Corporate overhead costs are assigned to outputs on the basis of the proportion of the corporate overhead cost of the total ECD costs.

For the year ended 30 June 2001, indirect costs accounted for 23% (2000: 25%) of total costs, corporate overhead costs accounted for 4.7% of total costs.

OPERATING LEASES

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

COMMITMENTS

Future payments are disclosed as commitments at the point a contractual obligation arises, to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

CONTINGENT LIABILITIES

Contingent liabilities are disclosed at the point at which the contingency is evident.

FINANCIAL INSTRUMENTS

ECD is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

STATEMENT OF CASH FLOWS

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which ECD invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of ECD and records the cash payments made for the supply of goods and services. Grants are also received from the Ministry of Education under the Developing Centre Fund and payment of grants is made to early childhood education groups.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of ECD.

BUDGET FIGURES

The original budget figures are those approved by the Board at the beginning of the financial year and were presented in the Board's Statement of Intent for 2000/2001.

During the second half of this financial year, a review of budgets was undertaken and a subsequent re-phasing of funding and budgets was approved by the Minister of Education. The revised budget column indicates the changes undertaken in the re-phasing exercise.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

CHANGES IN ACCOUNTING POLICY

At the beginning of the year, the basis for cost allocation was the same as that used in previous years. However, in the second half-year period the basis for cost allocation was changed in conjunction with the re-phase of funding and budgets. The overall financial impact is nil and the difference in overhead allocation for each output is shown in the table below:

Output	Before \$000	After \$000	Variance \$000
1. Participation in early childhood education	3,705	3,455	250
2. Provision of information and advice	551	817	(266)
3. Management of contracts	231	215	16
Total	4,487	4,487	-

Apart from that mentioned above, there have been no other changes in accounting policies since the date of the last audited financial statements. All other policies have been applied on a basis consistent with the previous year.

STATEMENT SPECIFYING FINANCIAL PERFORMANCE

for the year ended 30 June 2001

The Board agreed to the following financial targets with the Minister at the beginning of the year. Subsequent revised targets were agreed upon with the Minister in February 2001.

SPECIFIED FINANCIAL PERFORMANCE	Target	Revised	Achievement
To maintain a positive working capital	0.54:1	2.43:1	1.84:1
To maintain equity to at least 50% of total assets	56.01%	78.7%	66.09%
To operate without a deficit	(\$669,000) deficit	\$182,000 surplus	\$259,000 surplus

STATEMENT OF FINANCIAL PERFORMANCE					
for the year ended 30 June 2001					
	Note	Actual 2001 \$000	Original Budget 2001 \$000	Revised Budget 2001 \$000	Actual 2000 \$000
Revenue					
Crown		17,905	17,905	17,897	7,915
Other	1	1,945	937	2,185	9,915
Interest Income		151	60	120	117
Total Revenue		20,001	18,902	20,202	17,947
Expenses					
Personnel Costs		4,205	4,210	4,371	4,268
Operating	2	15,137	14,960	15,239	11,876
Depreciation		400	401	410	446
Total Expenditure		19,742	19,571	20,020	16,590
Net Operating Surplus/(Deficit)		259	(669)	182	1,357

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF MOVEMENTS IN EQUITY				
for the year ended 30 June 2001				

	Actual 2001 \$000	Original Budget 2001 \$000	Revised Budget 2001 \$000	Actual 2000 \$000
Public equity as at 1 July 2000	2,066	2,166	2,066	2,100
Net Operating Surplus/(Deficit) for the period	259	(669)	182	1,357
Total recognised revenues and expenses for the period	259	(669)	182	1,357
Provision for repayment of surplus to the Crown	8	295	28	1,391
Public equity as at 30 June 2001	2,317	1,202	2,220	2,066

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION					
as at 30 June 2001					
	Note	Actual 2001 \$000	Original Budget 2001 \$000	Revised Budget 2001 \$000	Actual 2000 \$000
CURRENT ASSETS					
Bank and cash		153	100	100	939
Money market deposits	3	1,800	264	1,205	1,300
Receivables and prepayments		193	150	150	327
Provision for repayment of surplus grants	4	41	-	-	-
Total Current Assets		2,187	514	1,455	2,566
NON-CURRENT ASSETS					
Fixed assets	5	1,319	1,632	1,364	1,524
Total Non-Current Assets		1,319	1,632	1,364	1,524
TOTAL ASSETS		3,506	2,146	2,819	4,090
CURRENT LIABILITIES					
Accruals and payables	6	1,181	549	571	591
Provision for repayment of surplus grants	4	-	100	28	42
Provision for repayment to the Crown		8	295	-	1,391
Total current liabilities		1,189	944	599	2,024
NET ASSETS		2,317	1,202	2,220	2,066
PUBLIC EQUITY		2,317	1,202	2,220	2,066

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS				
for the year ended 30 June 2001				

	Actual 2001 \$000	Original Budget 2001 \$000	Revised Budget 2001 \$000	Actual 2000 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash was provided from:</i>				
Operational funding	20,277	18,842	20,239	17,906
Interest - operational funds	151	60	120	117
Grant funds received	2,470	2,440	2,468	2,270
<i>Cash was applied to:</i>				
Payments to employees	4,207	4,186	4,351	4,274
Net goods and services tax	(77)	(21)	(28)	-
Grant funds paid	2,511	2,340	2,468	2,316
Other operating costs	14,867	15,012	15,272	11,790
Net cash flows from Operating Activities	1,390	(175)	764	1,913
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash was provided from:</i>				
Sale of fixed assets	75	-	75	3
<i>Cash was applied to:</i>				
Purchase of fixed assets	318	493	340	283
Net cash flows from Investing Activities	(243)	(493)	(265)	(280)
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash was applied to:</i>				
Payment of surplus to the Crown	1,433	968	1,433	-
Net cash flows from Financing Activities	(1,433)	(968)	(1,433)	-
Net increase/(decrease) in cash held	(286)	(1,636)	(934)	1,633
Plus opening cash	2,239	2,000	2,239	606
Closing cash balance	1,953	364	1,305	2,239
Bank and cash	153	100	100	939
Money market deposits	1,800	264	1,205	1,300
Closing cash balance	1,953	364	1,305	2,239

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS (CONTINUED)
for the year ended 30 June 2001

RECONCILIATION OF THE NET OPERATING SURPLUS/(DEFICIT) FROM
OPERATIONS WITH THE NET CASH FLOWS FROM OPERATING ACTIVITIES

	Actual	Original	Revised	Actual	
	2001	Budget	Budget	2001	
	\$000	\$000	\$000	\$000	
NET OPERATING SURPLUS	259	(669)	182	1,357	
<i>Add non-cash items:</i>					
Depreciation	400	401	410	44	6
<i>Add (less) improvements in working capital items:</i>					
(Increase)/Decrease in accounts receivable and prepayments	134	-	177	8	6
Increase/(Decrease) in accruals and payables	234	(7)	(44)	7	9
Increase/(Decrease) in income received in advance	308	-	0		0
(Increase)/Decrease in GST payable	48	-	24	(25)	
	<u>724</u>	<u>(7)</u>	<u>157</u>	<u>140</u>	
<i>Add (less) items classified as investing Activities:</i>					
Net (surplus)/loss on sale of fixed assets	48	-	15	1	6
Total investing activity items	<u>48</u>	<u>-</u>	<u>15</u>	<u>1</u>	6
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>1,431</u>	<u>(275)</u>	<u>764</u>	<u>1,959</u>	

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF COMMITMENTS		
as at 30 June 2001		
	2001 \$000	2000 \$000
Non-cancellable operating lease commitments, payable:		
Due		
Not later than one year	369	389
Later than one year and not later than two years	290	164
Later than two years and not later than five years	237	167
Later than five years	-	-
Non-cancellable operating lease commitments	896	720
PAFT and Family Start third party contracts:		
Due		
Not later than one year	11,537	11,992
Later than one year and not later than two years	8,101	8,828
Later than two years and not later than five years	6,474	8,861
Later than five years	-	-
PAFT and Family Start commitments	26,112	29,681
Total commitments	27,008	30,401

STATEMENT OF CONTINGENT LIABILITIES
as at 30 June 2001

ECD had no contingent liabilities as at 30 June 2001.
(Nil as at 30 June 2000)

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

	Actual 2001 \$000	Actual 2000 \$000
1. OTHER REVENUE		
Other Crown Contract Funding	1,918	1,162
PAFT Funding	-	8,640
Other	27	113
	<u>1,945</u>	<u>9,915</u>

For the year ended 30 June 2001 PAFT funding of \$8,244,000 is identified within the item Crown Revenue as it was incorporated into ECD's Document of Accountability. In previous years PAFT was a separate contract with the Ministry of Education.

2. OPERATING EXPENSES

Operating expenses comprise the following:

Audit fees – financial statements	31	30
Board members' fees	32	23
Communications	423	405
External fees	750	287
Network	83	58
General administration	529	328
Materials	351	190
Occupancy	528	518
Travel and accommodation	680	520
Third party contracts	11,730	9,517
	<u>15,137</u>	<u>11,876</u>

Included in occupancy costs are costs as follows:

Rental expense on operating leases	404	418
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Included in General Administration are costs as follows:

Fixed assets written off	28	4
Loss on disposal of fixed assets	48	16

No severance payments have been made to Board members. Remuneration through fees and reimbursement of actual and reasonable travelling expenses is all-inclusive and no consultancy or ex-gratia payments or benefits have been provided to Board members.

3. MONEY MARKET DEPOSITS

For the year ended 30 June 2001, ECD invested \$1,800,000 in the money market with the Bank of New Zealand at a rate of 5.7%. This deposit matures on the 3 July 2001.

4. GRANT FUNDS

ECD acts as agent for making transfer payments on behalf of the Crown to early childhood groups.

	Actual 2001 \$000	Actual 2000 \$000
Opening balance	42	90
Repayments made	(42)	0
Funding received	2,470	2,270
Grants made	(2,511)	(2,318)
Closing balance	(41)	42

5. FIXED ASSETS

	Cost 2001 \$000	Accumulated Depreciation 2001 \$000	Net Book Value 2001 \$000	Cost 2000 \$000	Accumulated Depreciation 2000 \$000	Net Book Value 2000 \$000
Motor vehicles	969	(432)	537	945	(402)	543
Office furniture	393	(252)	141	91	(233)	158
Computer equipment Leasehold Improvements	613	(440)	173	1,024	(791)	233
	466	(228)	238	466	(169)	297
Office equipment	506	(276)	230	535	(242)	293
	<u>2,947</u>	<u>(1,628)</u>	<u>1,319</u>	<u>3,361</u>	<u>(1,837)</u>	<u>1,524</u>

6. ACCRUALS AND PAYABLES

	Actual 2001 \$000	Actual 2000 \$000
Accounts payable	400	278
GST	84	37
Revenue received in advance	308	0
Provision for annual leave	152	154
Expense accruals	237	122
	<u>1,181</u>	<u>591</u>

7. MAJOR BUDGET VARIATIONS

STATEMENT OF FINANCIAL PERFORMANCE

Total revenue is 6% over the original budget mainly due to the new contract with Child, Youth and Family Services (Atawhaingia Te Pā Harakeke), of which \$776,000 has been recognised in this period.

Seventy five percent of the delivery under this programme was completed to the 30 June 2001, and \$259,000 has been treated as income in advance. The remaining variance is due to the extension of the Department for Courts contract (\$190,000), a variation to the Professional Development contract (\$15,000), minor consultancy income not budgeted for (\$27,000), and interest income (\$91,000). Due to higher than expected cash holdings during the year, interest income ended \$31,000 more than forecast.

Total expenditure ended slightly over the original budget (1%), but below the revised budget (1.4%). The difference in operating expenses between year 2001 and year 2000 (\$3.261 million) is due mainly to the increase in third party contract expenses (\$2.213 million), and external fees expenses (\$0.463 million).

STATEMENT OF FINANCIAL POSITION

Liquid assets (\$1.953 million) significantly improved over the original budget of \$0.364 million due mainly due to the new contract with Child, Youth and Family Services (Atawhaingia Te Pā Harakeke). Income in advance of \$308,000 has been recognised which relates to the initial payment made by the Ministry of Education for the Increased Participation in ECE for Pacific Children contract in the Wellington area (\$49,000), and the Atawhaingia Te Pā Harakeke programme under contract with Child, Youth and Family Services (\$259,000). In addition, the tight liquidity situation as initially budgeted has also delayed the asset replacement programme.

The variation between the actual accruals and payables and the budgeted figure is a result of a higher level of payables than initially budgeted. There was an increase in accruals including revenue in advance and accrued expenses and a slight reduction in annual leave provision.

8. EMPLOYEES' REMUNERATION

One employee received remuneration and other benefits of \$100,000 or more per annum. This was the Chief Executive Officer whose remuneration lies in the \$120,000 - \$130,000 band. The Chief Executive Officer received remuneration in the same range during the previous year.

9. RELATED PARTY INFORMATION

Mrs Poko Morgan, a Board member of ECD, is also a Director of Anau Ako Pasifika Incorporated. During the year ended 30 June 2001, ECD funded Anau Ako Pasifika Incorporated \$93,401 (excluding GST) for services related to the provision of the Parents As First Teachers programme (2000 \$93,401). This contract was awarded to Anau Ako Pasifika Incorporated under normal funding criteria.

June Mariu, a Board member of ECD to September 2000, is also the Chairperson of Te Whanau o Waipareira Trust. During the year ended 30 June 2001, ECD funded Te Whanau o Waipareira Trust \$282,283 (excluding GST) for services related to the provision of the Parents As First Teachers programme (2000 \$282,283). This contract was awarded to Te Whanau o Waipareira Trust under normal funding criteria.

ECD is a wholly owned entity of the Crown. A contract with the Minister of Education comprised 89.5% of total funding for the year ended 30 June 2001 (44.1% for the year ended 30 June 2000). Other Crown contracts comprised 9.6% of total funding for the year ended 30 June 2001 (54.6% for the year ended 30 June 2000). The significant variance in the Crown Revenue and Other Crown Contracts is mainly due to the recognition of PAFT funding as Crown revenue. Previously, this was part of other Crown contracts. All transactions with public sector entities were conducted on an arms-length basis and in the normal course of business.

Apart from the above, there were no related party transactions between the ECD Board Members and ECD.

10. FINANCIAL INSTRUMENTS

ECD is party to financial instrument arrangements as part of its everyday operations. These financial instruments include bank accounts, bank deposits, accounts receivable and accounts payable.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to ECD, causing ECD to incur a loss.

ECD has a minimal credit risk in its holding of various financial instruments.

The Board places its investments with institutions that have a high credit rating. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution. ECD believes that these policies reduce the risk of any loss that could arise from its investment activities. ECD does not require any collateral or security to support financial instruments. ECD has minimal credit risk in relation to accounts receivable as the majority of its customers are government departments.

There is no significant concentration of credit risk.

FAIR VALUE

The fair value is equivalent to the carrying amount disclosed in the Statement of Financial Position.

CURRENCY RISK AND INTEREST RATE RISK

ECD has no exposure to currency risk and minimal exposure to interest rate risk as it has no borrowings and its bank deposits are of a short-term nature.

LETTERS OF CREDIT

As part of its everyday operations, ECD has financial arrangements with Bank of New Zealand in the form of letters of credit. As at 30 June 2001, ECD has the following liabilities outstanding under letters of credit:

Favouree	Nature of purpose of letter of credit (L/C)	Balance Undrawn Amount \$	Total L/C Amount \$
BNZ Credit Card	Business Visa	-	2,500
Datacom Employer Services	Payroll	-	125,000
Total		-	127,500

11. BOARD FEES

Board members earned the following fees during the year:

Member	Appointment Date	Resignation Date	Fees 2001	Fees 2000
M. Morris	October 2000		\$15,500	-
D. Matthews	May 2000		\$2,333	-
H. May	May 2000		\$1,875	-
E. Moko-Reid	October 2000		\$2,500	-
T. Morgan	March 2000		\$3,000	\$2,750
A. Tamati	May 2000		\$2,500	\$375
P. Seymour	October 1992	September 2000	\$4,000	\$12,000
J. Mariu	March 1995	September 2000	\$375	\$2,375
R. Greenfield	October 1997	April 2000	-	\$1,125
T. Rhodes	March 1997	March 2000	-	\$2,250
R. Ramage	March 1997	March 2000	-	\$1,750

12. POST BALANCE DATE EVENTS

No events have occurred between the balance date and the date of signing these financial statements that materially affect the financial statements.



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